



Proposed Methodology for Allocation of Federal Incentives

Goal: Provide Federal Assistance to Help Offset First of a Kind (FOAK) Cost and Risks for Building New Nuclear Plants (NNPs)

Objectives: The Allocation Processes for the Three Major Incentives (Loan Guaranties, PTC & Standby Support) Should Seek to Achieve the Following Objectives:

- Equitable allocation of the incentives to a number of projects but enough for each company to be motivated to build.
- Reward the first movers who have taken action to build NNPs but avoid a race to build the first plant versus the best plant. Companies should be motivated to demonstrate the best technology for the future.
- Ensure certainty as to receiving incentives before committing large investments to build. Incentives will have to be guaranteed relatively early to enable financing and therefore to be effective.



Proposed Methodology for Allocation of Federal Incentives

The government (DOE & Treasury) should use a bidding process (similar to the ESP & COL co-operative agreement solicitations) and award incentives for proposed projects based on preset and weighted criteria. The amount of incentives should be based on how well they meet the criteria.

The following attributes should be considered in awarding incentives:

- Commitment to build (more than letter of intent)
- Economics & safety of technology (i.e. advanced/passive designs)
- Diversity of technology (encourage competing technologies)
- Producer diversity (spread over several companies)
- Minimum amount of incentives/project (encourage actual building)
- Other incentive amounts (total awards)
- Proposed timing of project (the sooner the better)
- Likelihood of success (technology, financial & political risks)
- Endorsements of hosting communities (local & state support)
- U.S. technology and jobs
- Demonstrated new plant development leadership (i.e. ESP, COL development)

A Proposed Schedule Could Be:

- Issue RFP 1/1/07
- Receive Responses Starting 7/1/07
- Start Awarding Incentives 1/1/08
- Close Window for Receiving 7/1/09

Credits that are awarded to projects that are canceled or not commercial by 1/1/21 will be reallocated to other bidders.